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SUBJECT: FAO DG'S UPCOMING MEETINGS IN WASHINGTON

1. (SBU) Summary: FAO Director General (DG) Jacques Diouf will be in Washington October 26-27 for senior-level meetings at State, USDA and USAID. U.S. Mission Rome believes it is important that all three agencies convey a clear signal to the DG regarding USG dissatisfaction with his leadership and management of FAO, as evidenced in recent months. In particular, we need to offset the apparent momentum of the DG's "reform proposals," conceived hastily with little or no discussion or input from key FAO staff or member governments. End summary.

2. (SBU) After twelve years in office, FAO Director General Diouf is headed for election to his third six-year term, with the possibility of four more years beyond that. Although most major donor members -- as well as many G-77 countries -- would prefer to see a change of leadership, no alternative candidates were nominated, leaving Diouf unopposed in the election that will take place at the FAO Conference November 19-26.

3. (SBU) Dissatisfaction with Diouf's weak leadership and lack of management skills has been evident for some time. The initial mishandling of the African desert locust crisis, a pattern of misallocation of resources, including inadequate funding for priority standard-setting activities, and declining employee morale are just a few examples. The DG's gross mishandling of the organization's 60th anniversary celebration on October 17 led to a major embarrassment to the organization as Zimbabwe's Mugabe and Venezuela's Chavez took the floor to slander the U.S. and Great Britain.

4. (SBU) In recent months the ineptness of Diouf's leadership has been brought into even sharper focus through his "reform proposals." The DG presented them as a "back-of-the-envelope exercise" at the last minute, without adequate time to develop detailed ideas and run them by senior management, staff, and -- not least -- member countries. At the September 2005 sittings of the Finance and Joint Finance/Program Committees, member states called on Diouf to establish a mechanism to consult with members to provide details and open a dialogue on the proposals well in advance of the November Council and Conference discussions on the reform. Although he orally agreed to do so, he has made no effort to proceed with such discussions, seemingly preferring to ramrod the proposals through the November meetings, probably via last minute, late-night Friends-of-the-Chair discussions.

5. (SBU) Members have been struggling to respond to the proposal in the face of inadequate information about the substance and impact of the reforms and a lack of clarity about the rationale and objectives. To date, member reaction has been equivocal, amounting to "there may be some good stuff in here, but we need more time to study it." It appears that many or most G-77 members may support the proposals simply because the Director General tabled them. If this remains the response at the Council and Conference next month, Diouf will take it as a mandate to proceed.

6. (SBU) Reform of FAO is sorely needed, but it should proceed in a deliberate fashion and in full consultation with the membership. To this end, the Council in November 2004 approved an Independent External Evaluation (IEE) of FAO. Diouf initially opposed the IEE, but eventually relented when a consensus of support developed among members from the North and the South, and when it was agreed the evaluation would not be launched until after the election in November 2005. The terms of reference for the IEE have been negotiated and are expected to be approved by the Council next month. The final results of the evaluation are to be presented to the Conference in November 2007. The evaluation should pave the way for reform based on a thorough, systematic

evaluation of the organization's strengths, weaknesses, and comparative advantages, not on a haphazard plan assembled without meaningful internal or external input.

17. (SBU) If Diouf proceeds with his current approach to the reform plan we face three serious dangers:

-- First, the programs of greatest interest to the United States could continue to be under-funded despite the lip service FAO pays to their "priority" status.

-- Second, the IEE will be undermined by a lack of enthusiasm and support, particularly from developing countries, and we will lose the opportunity to reform FAO in a way that more closely aligns it with U.S. interests.

-- Third, the DG's reforms are projected in the context of a 2.5 percent real growth (RG) budget, and it could become difficult, in already complex budget discussions, to break momentum toward this RG scenario at the upcoming FAO Council and Conference.

18. (SBU) U.S. Mission encourages Washington agencies to consider the following strategies for securing meaningful reform of FAO:

-- Use high-level State, USDA, and AID meetings with DG Diouf next week to express U.S. displeasure with the current state of FAO leadership and apparent efforts to ram through an ill-considered reform plan.

-- Use the DG election in November to signal our dissatisfaction with FAO leadership by vocally abstaining or voting against Diouf. We should encourage a critical mass of other members to participate in such a protest vote.

-- Block all components of Diouf's personal reform plan submitted to the Council and/or Conference next month for review and approval. Some components might be reconsidered if adequate information and opportunities for consultation are forthcoming, but only if they do not undermine the broader reform effort based on the IEE.

-- Prepare a U.S. reform plan that identifies U.S. priorities for FAO and links U.S. funding to performance.

19. (SBU) We offer the following points for the meetings with DG Diouf next week in Washington:

-- Express U.S. dissatisfaction with what we see as his wanting management of the UN's largest independent agency, especially as seen at the organization's recent 60th anniversary celebration as well as through his last-minute, poorly formulated reform proposals.

-- Tell DG Diouf that we will not support the current reform proposals without full consultations and discussion between the Secretariat and the member states.

-- Communicate dissatisfaction that Diouf chose to run for a third term.

-- Express U.S. commitment to FAO reform based on the IEE assessment of the organization's strengths, weaknesses, and comparative advantages.

-- Reiterate USG support for the highly qualified candidates we have identified for senior positions in the FAO, and emphasize that we expect him to fill these soon-to-be vacant positions with little or no delay.

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